

## **Budgeting For Revenue Refunds**

### **Objective**

To budget for and pay revenue refunds within the Minnesota Accounting and Procurement System (MAPS).

### **Policy**

#### **1. Definition of a Revenue Refund**

A revenue refund is an amount returned to a payer due to an over-collection of revenue.

#### **2. Budgeting for Revenue Refunds**

1. Budgeted separately from receipts by setting up a negative revenue budget with a refund revenue source code, or
2. Netted against an existing revenue budget for receipts, using the same revenue source code as the original receipt.

Estimated revenue refunds can be either:

(Section D describes Minnesota Management & Budget (DOF) requirements for the use of the above methods.)

#### **3. Payment of Revenue Refunds**

A revenue refund is paid with a payment voucher (see Expenditures procedure [0803-01](#)) processed against a revenue budget.

#### **4. Minnesota Management & Budget Requirements**

1. The DOF requires separate revenue budgets (option 1 in section B above) for the following revenue refunds:
  1. All Taxes and Tuition (Charged by Higher Education Institutions)

Taxes and tuition must have separate revenue budgets for refunds and gross revenue budgets for receipts. Estimated refunds will be entered as a negative revenue budget. This means the corresponding revenue source code must point to the RE (Reimbursement/Refund) group in

the RSRC hierarchy. The category level in the tax RSRC hierarchy will be used to accumulate and report receipts net of refunds for the various tax types.

For example: A revenue budget will be established for gross annual corporate income tax receipts of \$729 million, a separate revenue budget will be established at (\$90) million for corporate income tax refunds.

2. Revenue Budgets with Refunds Greater than \$100,000 in a Fiscal Year

When estimating revenues for a given fiscal year, agencies should analyze any related refunds by revenue source code and determine whether they are expected to meet or exceed \$100,000. If so, separate revenue budgets should be set up for these refunds.

2. All other accounts that do not meet the above criteria will budget for receipts NET of refunds (option 2 in section B above). This means the revenue budget must be established for estimated receipts NET of refunds.

For example: Revenues in the amount of \$10,000 are expected from notary registration, of which \$2,000 is estimated, to be refunded. The revenue budget would then be set up at \$8,000.

### General Procedures

Step #	Actions to be Performed	Responsible Party
1.	Estimate the expected revenue refunds in each revenue source code for the current fiscal year.	Agency
2.	If the refunds are for taxes, tuition, or are estimated to exceed \$100,000, set up a revenue source code for the refunds and a separate negative revenue budget for the estimated amount. The revenue source code should point to the RE group in the RSRC hierarchy.	Agency
3.	If the refunds are neither taxes nor tuition, and are estimated not to exceed \$100,000, reduce the related revenue budget by the expected refund amount.	Agency
4.	If your agency is using the Accounts Receivables subsystem, see the Accounts Receivable section, Chapter 5, of the MAPS Operation Manual.	Agency

### See Also

[MAPS Operating Policy and Procedure 0208-01 - Revenue Source Codes](#)

[MAPS Operating Policy and Procedure 0308-01 - Revenue Budgets](#)

[MAPS Operating Policy and Procedure 0803-01 - Payment Requests, Preparation and Approval](#)